

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

COMPETITIVE PRODUCT PRICES
INBOUND PARCEL POST (AT UPU RATES)

Docket No. CP2016-207

**NOTICE OF THE UNITED STATES POSTAL SERVICE OF FILING
CHANGES IN RATES NOT OF GENERAL APPLICABILITY FOR
INBOUND PARCEL POST (AT UPU RATES) AND APPLICATION
FOR NON-PUBLIC TREATMENT**
(June 14, 2016)

The United States Postal Service (Postal Service) hereby gives notice of a change in rates not of general applicability for Inbound Parcel Post (at UPU Rates). Prices and classifications not of general applicability for Inbound Air Parcel Post (at UPU Rates) were previously established by the Decision of the Governors of the United States Postal Service on the Establishment of New Prices and Classifications for Inbound Air Parcel Post (at UPU Rates), issued on November 16, 2009 (Governors' Decision No. 09-15). The Postal Regulatory Commission (Commission) previously determined that Inbound Air Parcel Post (at UPU Rates) is appropriately classified as a competitive product and that an initial review of the rates indicated compliance with statutory requirements.¹ On August 19, 2014, the Commission determined that Inbound Surface Parcel Post (at UPU Rates) also is appropriately classified as a competitive product and that an initial review of the rates indicated compliance with statutory requirements.² As part of the Order No. 2160, Inbound Air Parcel Post (at UPU Rates) and Inbound Surface Parcel Post (at UPU Rates) were merged into a single product

¹ PRC Order No. 362, Order Adding Inbound Air Parcel Post at UPU Rates to Competitive Product List, Docket Nos. MC2010-11 and CP2010-11, December 15, 2009, at 8-9.

² PRC Order No. 2160, Order Approving Product List Transfer, Docket No. MC2014-28, August 19, 2014, page 8.

identified as Inbound Parcel Post (at UPU Rates). With this filing, the Postal Service notifies the Commission of changes to those rates for Inbound Parcel Post (at UPU Rates) that are intended to take effect July 1, 2016.

The rates and supporting documents are being filed separately under seal with the Commission. The Postal Service's Application for Non-public Treatment of those materials is included with this Notice as Attachment 1. A redacted copy of Governors' Decision No. 14-04 establishing the rates and the classification for Inbound Parcel Post (at UPU Rates) is included as Attachment 2. A redacted version of Universal Postal Union International Bureau (IB) Circular 49, dated April 4, 2016, which sets the new rates in Annex 1, page 10, is included as Attachment 3. A certification is included as Attachment 4. Redacted excerpts of Postal Service data transmitted to the UPU to justify its bonus payments are included as Attachment 5. Redacted versions of the supporting financial documentation are included with this filing as Excel files.

I. Explanation of Classification and Rates

No changes to the classification of Inbound Parcel Post (at UPU Rates) are included with this Notice. The Postal Service is setting the rates in accordance with the terms of Governors' Decision No. 14-04, included as Attachment 2 to this document.

II. Application for Non-Public Treatment

The Postal Service maintains that certain portions of the Governors' Decision, the new rates, the service feature and bonus data, and related financial information should remain confidential. The Postal Service provides its Application for Non-Public Treatment of materials filed under seal as Attachment 1.

III. Management Analysis

In PRC Order No. 2310, the Commission requested that the Postal Service provide an update to the Management Analysis originally in support of the establishment of rates for Inbound Air Parcel Post (at UPU Rates) as originally requested in PRC Order No. 2102. Specifically, the Commission requested in PRC Order No. 2102:

data and information concerning the Postal Service's submission of formal documentation to the UPU in support of an inflation-linked adjustment for the inward land rate it receives from other postal administrations and transmission of responses to the UPU survey to justify bonus payments; the date the UPU advises the United States that the inward land rate applicable to its inbound air parcels would be per item plus per kilo special drawing rights (SDRs); the inward land rate calculation for the pertinent year (or period); the SDR equivalent in U.S. dollars; and the estimated cost coverage for the pertinent calendar year.

In response, the Postal Service provides the following:

- The documentation in support of the inflation-linked adjustment for inward land rates is submitted to the UPU only annually (in August each year), and was provided to the Commission with the Postal Service's filing of new UPU rates on December 16, 2015, in Docket No. CP2016-56.
- The Postal Service met all of its service feature standards to justify its bonus, as reflected in Annex 2, page 18, of Circular 49, which is included as Attachment 3, and in the pertinent excerpts that are included as Attachment 5.
- The date that the UPU advised the United States of the Inward Land Rate and the Calculation³ for the pertinent period is provided in International Bureau Circular 49, Attachment 3 to this document.

³ The Inward Land Rate calculation is performed by the UPU based on data provided by the Postal Service. The results of the calculation are provided in IB Circular 49.

- The SDR conversion rate to U.S. dollars used for the cost coverage analysis was 1 SDR is equal to \$1.41474 USD.⁴
- The estimated cost coverage for the pertinent year is available in the attached financial information.

As set forth in the accompanying Certification, the prices for Inbound Parcel Post (at UPU Rates) demonstrate that Inbound Air Parcel Post (at UPU Rates) should cover its attributable costs and preclude the subsidization of competitive products by market dominant products. The prices for Inbound Surface Parcel Post (at UPU Rates) are not remunerative. International competitive mail accounts for a relatively small percentage of the total contribution by all competitive products. Given the small discrepancy and size of Inbound Surface Parcel Post (at UPU Rates), these rates for Inbound Parcel Post (at UPU Rates) should not impair the ability of competitive products on the whole to cover an appropriate share of institutional costs. In any event, the Postal Service has previously explained that it cannot change the UPU rates unilaterally and is constrained in its ability to compel foreign postal operators to pay rates for Inbound Parcel Post higher than the default rates that the UPU has set. See FY 2015 Annual Compliance Determination Report at 86; FY 2015 ACR at 66-67.

⁴ This conversion rate is based on the publication of the SDR value by the International Monetary Fund (IMF) on June 7, 2016. The conversion rate at the time of settlement may vary based on the IMF value of the SDR at time of settlement.

IV. Conclusion

For the reasons discussed above, the Postal Service respectfully requests the Commission's review of the Air and Surface Parcel Post inward land rates set to take effect on July 1, 2016.

Respectfully submitted,

UNITED STATES POSTAL SERVICE
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June 14, 2016

**APPLICATION OF THE UNITED STATES POSTAL SERVICE
FOR NON-PUBLIC TREATMENT OF MATERIALS**

In accordance with 39 C.F.R. § 3007.21, the United States Postal Service (Postal Service) hereby applies for non-public treatment of certain materials filed with the Commission in this docket. The materials pertain to the establishment of prices and classifications not of general applicability for Inbound Parcel Post (at UPU Rates) established in Governors' Decision No. 14-04. The rates and supporting documents establishing compliance with 39 U.S.C. §§ 3632-3633 and 39 C.F.R. §§ 3015.5 and 3015.7 are being filed separately under seal with the Commission. Redacted copies of these materials are filed publicly, including redacted versions of supporting financial documentation filed as separate Excel documents.

The Postal Service hereby furnishes the justification required for this application by 39 C.F.R. § 3007.21(c) below.

(1) The rationale for claiming that the materials are non-public, including the specific statutory basis for the claim, and a statement justifying application of the provision(s);

The materials designated as non-public consist of information of a commercial nature that under good business practice would not be publicly disclosed. In the Postal Service's view, this information would be exempt from mandatory disclosure pursuant to 39 U.S.C. § 410(c)(2) and 5 U.S.C. § 552(b)(3) and (4).¹ Because the portions of the materials that the Postal Service is filing only under seal fall within the scope of

¹ In appropriate circumstances, the Commission may determine the appropriate level of confidentiality to be afforded to such information after weighing the nature and extent of the likely commercial injury to the Postal Service against the public interest in maintaining the financial transparency of a government establishment competing in commercial markets. 39 U.S.C. § 504(g)(3)(A). The Commission has indicated that "likely commercial injury" should be construed broadly to encompass other types of injury, such as harms to privacy, deliberative process, or law enforcement interests. PRC Order No. 194, Second Notice of Proposed Rulemaking to Establish a Procedure for According Appropriate Confidentiality, Docket No. RM2008-1, Mar. 20, 2009, at 11.

information not required to be publicly disclosed, the Postal Service asks the Commission to support its determination that these materials are exempt from public disclosure and grant its application for their non-public treatment.

(2) Identification, including name, phone number, and email address for any third-party who is known to have a proprietary interest in the materials, or if such an identification is sensitive, contact information for a Postal Service employee who shall provide notice to that third party;

In the case of the UPU rates such as those at issue here, the Postal Service believes that the foreign postal operators whose governments are members of the UPU are the only third parties with a proprietary interest in the materials. Due to language and cultural differences as well as the sensitive nature of the Postal Service's rate relationship with the affected foreign postal operators, the Postal Service proposes that a designated Postal Service employee serve as the point of contact for any notices to the relevant postal operators.² The Postal Service identifies as an appropriate contact person Peter Chandler, Manager, UPU Relations, International Postal Affairs. Mr. Chandler's phone number is (202) 268-5549, and his email address is peter.r.chandler@usps.gov.

The Postal Service recently provided notice to all foreign postal operators within the Universal Postal Union network through an International Bureau Circular issued on January 18, 2016, that the Postal Service will be regularly submitting certain business information to the Commission. The circular includes information on how third parties may address any confidentiality concerns with the Commission. In addition, contact

² The Postal Service acknowledges that 39 C.F.R. § 3007.21(c)(2) appears to contemplate only situations where a third party's identification is "sensitive" as permitting the designation of a Postal Service employee who shall act as an intermediary for notice purposes. To the extent that the Postal Service's response might be construed as beyond the scope of this exception, the Postal Service respectfully requests a waiver that would allow it to designate a Postal Service employee as the contact person under these circumstances, in light of the practical considerations outlined herein.

information for all UPU Designated Operators is available at the following link, which is incorporated by reference into the instant application:

http://pls.upu.int/pls/ap/addr_public.display_addr?p_language=AN.³

(3) A description of the materials claimed to be non-public in a manner that, without revealing the materials at issue, would allow a person to thoroughly evaluate the basis for the claim that they are non-public;

In connection with its Notice filed in this docket, the Postal Service included its new rates, Governors' Decision No. 14-04, data on service features justifying its rate bonuses, and supporting documentation in the form of financial work papers. These materials were filed under seal, with redacted copies filed publicly.⁴ The Postal Service maintains that the redacted portions of the rate chart, data supporting bonuses, and related financial information should remain confidential.

The redactions applied to the rate chart, bonus data, and related financial work papers protect commercially sensitive information such as rates, underlying costs and assumptions, performance data, pricing formulas, and cost coverage projections. To the extent practicable, the Postal Service has limited its redactions to the actual information it has determined to be exempt from disclosure under 5 U.S.C. § 552(b).

(4) Particular identification of the nature and extent of commercial harm alleged and the likelihood of such harm;

If the portions of the rate chart, Governors' Decision No. 14-04, and related financial work papers that the Postal Service determined to be protected from disclosure due to their commercially sensitive nature were to be disclosed publicly, the Postal

³ To the extent required, the Postal Service seeks a waiver from having to provide each foreign postal operator notice of this docket. It is impractical to communicate with dozens of operators in multiple languages about this matter. Moreover, the volume of contracts would overwhelm both the Postal Service and the applicable foreign postal operators with boilerplate notices.

⁴ The non-public version of Attachment 3 maintains redactions for data with respect to countries other than the United States.

Service considers that it is quite likely that it would suffer commercial harm. Information about pricing is commercially sensitive, and the Postal Service does not believe that it would be disclosed under good business practices. Competitors could use the information to assess the rates charged by the Postal Service to foreign postal operators for any possible comparative vulnerabilities and focus sales and marketing efforts on those areas, to the detriment of the Postal Service. The Postal Service considers this to be a highly probable outcome that would result from public disclosure of the redacted material.

The financial work papers include specific information such as costs, projections of variables, and cost coverage. All of this information is highly confidential in the business world. If this information were made public, the Postal Service's competitors would have the advantage of being able to assess the Postal Service costs and pricing. Thus, competitors would be able to take advantage of the information to offer lower pricing to customers (which can include foreign posts, which are not required to use the Postal Service for delivery of parcels destined to the United States), while subsidizing any losses with profits from other customers. Eventually, this could freeze the Postal Service out of the relevant inbound delivery services market. Additionally, foreign postal operators or other potential customers could use costing information to their advantage in negotiating the terms of their own agreements with the Postal Service. Given that these spreadsheets are filed in their native format, the Postal Service's assessment is that the likelihood that the information would be used in this way is great.

Potential customers (which can include foreign posts) could also deduce from the rates provided in the work papers whether additional margin for net profit exists. From

this information, each foreign postal operator or customer could attempt to negotiate ever-decreasing prices, such that the Postal Service's ability to negotiate competitive yet financially sound rates would be compromised.

Volume and price information included in the financial spreadsheets also consists of sensitive commercial information of foreign postal operators. Disclosure of such information could be used by competitors of a postal operator to assess the operators' underlying market size and its costs, and thereby develop a benchmark for the development of a competitive alternative.

(5) At least one specific hypothetical, illustrative example of each alleged harm;

Harm: Public disclosure of information in the rate chart, Governors' Decision No. 14-04, or financial work papers would be used by competitors and customers to the detriment of the Postal Service.

Hypothetical: A competing package delivery service obtains a copy of the unredacted version of the financial work papers from the Postal Regulatory Commission's website. It analyzes the work papers to determine what the Postal Service would have to charge its customers (which may include foreign posts) in order for the Postal Service to meet its minimum statutory obligations for cost coverage and contribution to institutional costs. The competing package delivery service then sets its own rates for products similar to what the Postal Service offers other posts under that threshold and markets its ability to guarantee to beat the Postal Service on price for inbound air parcels. By sustaining this below-market strategy for a relatively short period of time, the competitor, or all of the Postal Service's competitors acting in a likewise fashion, would freeze the Postal Service out of the inbound air parcel delivery market.

Harm: Public disclosure of information in the rate chart or financial work papers would be used by a foreign postal operator's competitors to its detriment.

Hypothetical: A competing international delivery service obtains a copy of the unredacted version of the financial work papers from the Postal Regulatory Commission's website. The competitor analyzes the work papers to assess a foreign postal operator's underlying costs and volumes for the corresponding products. The competitor uses that information to assess the market potential and negotiate with U.S. customs brokers and freight companies to develop lower-cost alternatives.

(6) The extent of protection from public disclosure deemed to be necessary;

The Postal Service maintains that the redacted portions of the materials filed non-publicly should be withheld from persons involved in competitive decision-making in the relevant market for inbound parcel delivery (including both private sector integrators and foreign postal operators), as well as their consultants and attorneys. Additionally, the Postal Service believes that foreign postal operators, as well as actual or potential customers of a postal operator for this or similar products should not be provided access to the non-public financial work papers.

(7) The length of time deemed necessary for the non-public materials to be protected from public disclosure with justification thereof; and

The Commission's regulations provide that non-public materials shall lose non-public status ten years after the date of filing with the Commission, unless the Commission or its authorized representative enters an order extending the duration of that status. 39 C.F.R. § 3007.30.

(8) Any other factors or reasons relevant to support the application.

Inward land rates are not available publicly. Rather, they are circulated to postal operators and government ministries through UPU International Bureau circulars and accessible on a password-protected website. Hence, they are considered by postal operators to be commercially sensitive.

**DECISION OF THE GOVERNORS OF THE UNITED STATES POSTAL SERVICE ON CHANGES
IN RATES AND CLASSES FOR INBOUND PARCEL POST (AT UPU RATES) (GOVERNORS'
DECISION No. 14-04)**

June 18, 2014

STATEMENT OF EXPLANATION AND JUSTIFICATION

Pursuant to our authority under sections 3632 of title 39, as amended by the Postal Accountability and Enhancement Act of 2006 ("PAEA"), we establish price and classification changes for the Postal Service's shipping services (competitive products). This decision establishes prices for Inbound Parcel Post at Universal Postal Union (UPU) rates for which there is no contractual relationship governing the price with the tendering postal operator. The attachment includes the draft Mail Classification Schedule sections with changes in classification language in legislative format.

Governors' Decision 09-15 previously established prices and classifications for Inbound Air Parcel Post (at UPU rates). That decision explained that under the Universal Postal Convention, postal operators tender air parcels to each other for delivery in the destination country at prices set by the UPU Postal Operations Council, except where postal operators have negotiated alternative prices for parcels. The method by which prices, or inward land rates, are established is set forth in the UPU Parcel Post Regulations, and is similar for both air and surface parcels.

Consistent with Governors Decision 09-15 regarding the approval of the prices for Inbound Air Parcel Post (at UPU rates), we conclude that the inward land rates for Inbound Parcel Post (at UPU rates), including air and surface parcels, should satisfy the requirements of 39 U.S.C. §§ 3632-3633 and 39 C.F.R. §§ 3015.5 and 3015.7. [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED] We also approve the classification changes, finding that they are appropriate and consistent with the regulatory criteria, as indicated by management. Pursuant to this decision, management may file the

applicable inward land rates for Inbound Parcel Post (at UPU rates) with the Postal Regulatory Commission, including both air and surface parcels, as appropriate.

ORDER

In accordance with the foregoing Decision of the Governors, the prices for Inbound Parcel Post (at UPU rates) and the changes in classification necessary to implement those prices are hereby approved and ordered into effect. We direct management to file appropriate notice of these changes with the Postal Regulatory Commission as needed. Prices and classification changes established pursuant to this Decision will take effect concurrently with the transfer of Inbound Surface Parcel Post (at UPU rates) from the market dominant product list to the competitive product list.

By The Governors:

A handwritten signature in cursive script, reading "Mickey D. Barnett", is written over a horizontal line.

Mickey D. Barnett
Chairman

Berne, 4 April 2016

International Bureau Circular

49

Parcel post – Inward land rates applicable
from 1 July 2016

Dear Sir/Madam,

The purpose of this circular is to inform designated operators of the inward land rates (ILRs) applicable from 1 July 2016 until 31 December 2016. You will find the list of ILRs in Annex 1. These ILRs are based on the validation of parcel service features as prescribed in articles RC 195 and RC 196 of the Parcel Post Regulations, and resolution CEP 6/2015.1.

The 2016 ILRs are based on the number of service features provided by designated operators (DOs), the achievement of performance targets, where relevant, and any requests for inflation adjustments submitted by DOs in accordance with the conditions stipulated in article RC 196 of the Parcel Post Regulations, as verified by the International Bureau.

DOs are reminded that the prerequisites for eligibility to receive bonus payments based on service features provided (see resolution CEP 6/2015.1) are as follows:

- compliance with the provisions in article 23 of the Convention relating to mandatory acceptance of liability for lost, rifled and damaged parcels;
- provision to the International Bureau of a sample of the UPU standard S10 item identifier;
- compliance with the rule on mandatory use of the UPU standard S10 item identifier as defined in article RC 167.1 of the Parcel Post Regulations;
- compliance with the condition of having an entry in the Parcel Post Compendium Online (PPCO).

A DO that does not meet all prerequisites will therefore receive only its base inward land rate (i.e. 71.4% of its 2004 inward land rates), plus any inflation-linked adjustment. The bonuses associated with the provision of parcel service features by individual DOs are outlined in Annex 2.

Any queries regarding the content of this circular should be sent to the Remuneration Programme to the attention of Mr Paul Schoorl, Remuneration Expert, at paul.schoorl@upu.int.

Yours faithfully,

Murray Buchanan
Director of Regulation, Economics and
Markets

Annex 1

Complete list of inward land rates effective from 1 July 2016

ISO	Designated operator (DO)	Rate per parcel (SDR)	Rate per kg (SDR)
AF	Afghanistan – Surface parcels – Air parcels		
AL	Albania		
DZ	Algeria		
AO	Angola		
AG	Antigua and Barbuda		
AR	Argentina – Surface parcels – Air parcels		
AM	Armenia		
AW	Aruba		
AU	Australia – Surface parcels – Air parcels		
AT	Austria		
AZ	Azerbaijan		
BS	Bahamas – Surface parcels – Air parcels		
BH	Bahrain (Kingdom)		
BD	Bangladesh – Surface parcels – Air parcels		
BB	Barbados		
BY	Belarus		
BE	Belgium – Surface parcels – Air parcels		
BZ	Belize		
BJ	Benin		
BT	Bhutan		

ISO	Designated operator (DO)	Rate per parcel (SDR)	Rate per kg (SDR)
BO	Bolivia – Surface parcels – Air parcels		
BA	Bosnia and Herzegovina (JP BH POŠTA)		
BA	Bosnia and Herzegovina (Poste Srpske)		
BA	Bosnia and Herzegovina (Mostar)		
BW	Botswana		
BR	Brazil		
BN	Brunei Darussalam		
BG	Bulgaria (Rep.)		
BF	Burkina Faso		
BI	Burundi		
KH	Cambodia		
CM	Cameroon		
CA	Canada – Surface parcels – Air parcels		
CV	Cape Verde – Surface parcels – Air parcels		
CF	Central African Rep.		
TD	Chad – Surface parcels – Air parcels		
CL	Chile – Surface parcels – Air parcels		
	Chile – Easter Island		
CN	China (People's Rep.) – Surface parcels – Air parcels		
HK	– Hong Kong, China		
MO	– Macao, China		

<i>ISO</i>	<i>Designated operator (DO)</i>	<i>Rate per parcel (SDR)</i>	<i>Rate per kg (SDR)</i>
CO	Colombia – Surface parcels – Air parcels		
KM	Comoros		
CG	Congo (Rep.)		
CR	Costa Rica		
CI	Côte d'Ivoire (Rep.)		
HR	Croatia		
CU	Cuba – Surface parcels – Air parcels		
CW	Curaçao		
CY	Cyprus		
CZ	Czech Rep.		
KP	Dem. People's Rep. of Korea		
CD	Dem. Rep. of the Congo		
DK	Denmark		
DJ	Djibouti		
DM	Dominica		
DO	Dominican Republic		
EC	Ecuador – Surface parcels – Air parcels		
EG	Egypt – Surface parcels – Air parcels		
SV	El Salvador		
GQ	Equatorial Guinea		
ER	Eritrea		
EE	Estonia		
ET	Ethiopia		
FJ	Fiji		
FI	Finland		
AX	– Åland Islands		

<i>ISO</i>	<i>Designated operator (DO)</i>	<i>Rate per parcel (SDR)</i>	<i>Rate per kg (SDR)</i>
FR	France		
GF	– French Guiana		
PF	– French Polynesia		
GP	– Guadeloupe		
MQ	– Martinique		
YT	– Mayotte		
NC	– New Caledonia		
RE	– Réunion		
PM	– Saint Pierre and Miquelon		
WF	– Wallis and Futuna		
GA	Gabon		
	– Surface parcels		
	– Air parcels		
GM	Gambia		
GE	Georgia		
DE	Germany		
GH	Ghana		
GB	Great Britain		
AI	– Anguilla		
AC	– Ascension		
BM	– Bermuda		
KY	– Cayman Islands		
FK	– Falkland Islands (Malvinas)		
GI	– Gibraltar		
MS	– Montserrat		
PN	– Pitcairn Islands		
SH	– St Helena		
TA	– Tristan da Cunha		
TC	– Turks and Caicos Islands		
VG	– Virgin Islands		
GR	Greece		
GD	Grenada		
GT	Guatemala		
GN	Guinea		
GW	Guinea-Bissau		

ISO	Designated operator (DO)	Rate per parcel (SDR)	Rate per kg (SDR)
GY	Guyana – Surface parcels – Air parcels		
HT	Haiti		
HN	Honduras (Rep.) – Surface parcels – Air parcels		
HU	Hungary		
IS	Iceland		
IN	India – Surface parcels – Air parcels		
ID	Indonesia – Surface parcels – Air parcels		
IR	Iran (Islamic Rep.) – Surface parcels – Air parcels		
IQ	Iraq		
IE	Ireland		
IL	Israel		
IT	Italy		
JM	Jamaica		
JP	Japan		
JO	Jordan		
KZ	Kazakhstan – Surface parcels – Air parcels		
KE	Kenya		
KI	Kiribati		
KR	Korea (Rep.)		
KW	Kuwait		
KG	Kyrgyzstan		
LA	Lao People's Dem. Rep.		
LV	Latvia		
LB	Lebanon		
LS	Lesotho		
LR	Liberia		

ISO	Designated operator (DO)	Rate per parcel (SDR)	Rate per kg (SDR)
LY	Libya – Surface parcels – Air parcels		
LI	Liechtenstein		
LT	Lithuania		
LU	Luxembourg		
MG	Madagascar		
MW	Malawi		
MY	Malaysia		
MV	Maldives		
ML	Mali		
MT	Malta		
MR	Mauritania		
MU	Mauritius		
MX	Mexico – Surface parcels – Air parcels		
MD	Moldova		
MN	Mongolia		
ME	Montenegro		
MA	Morocco		
MZ	Mozambique – Surface parcels – Air parcels		
MM	Myanmar – Surface parcels – Air parcels		
NA	Namibia		
NR	Nauru		
NP	Nepal		
NL	Netherlands		
BQ	– Bonaire, Saba and Sint Eustatius		
NZ	New Zealand – Surface parcels – Air parcels		

ISO	Designated operator (DO)	Rate per parcel (SDR)	Rate per kg (SDR)
CK	Cook Islands – Surface parcels – Air parcels		
NI	Nicaragua		
NE	Niger		
NG	Nigeria		
NO	Norway		
OM	Oman		
PK	Pakistan – Surface parcels – Air parcels		
PS	Palestine		
PA	Panama (Rep.)		
PG	Papua New Guinea		
PY	Paraguay – Surface parcels – Air parcels		
PE	Peru – Surface parcels – Air parcels		
PH	Philippines – Surface parcels – Air parcels		
PL	Poland		
PT	Portugal		
QA	Qatar		
RO	Romania – Surface parcels – Air parcels		
RU	Russian Federation – Surface parcels – Air parcels		
RW	Rwanda		
KN	Saint Christopher (St Kitts) and Nevis		
LC	Saint Lucia		
VC	Saint Vincent and the Grenadines		
SX	Sint Maarten		

ISO	Designated operator (DO)	Rate per parcel (SDR)	Rate per kg (SDR)
WS	Samoa		
ST	Sao Tome and Principe		
SA	Saudi Arabia – Surface parcels – Air parcels		
SN	Senegal		
RS	Serbia		
SC	Seychelles		
SL	Sierra Leone		
SG	Singapore		
SK	Slovakia		
SI	Slovenia		
SB	Solomon Islands		
SO	Somalia		
ZA	South Africa – Surface parcels – Air parcels		
SS	South Sudan		
ES	Spain		
LK	Sri Lanka		
SD	Sudan – Surface parcels – Air parcels		
SR	Suriname		
SZ	Swaziland		
SE	Sweden		
CH	Switzerland		
SY	Syrian Arab Rep.		
TJ	Tajikistan		
TZ	Tanzania (United Rep.)		
TH	Thailand – Surface parcels – Air parcels		
MK	the former Yugoslav Republic of Macedonia		
TL	Timor-Leste (Dem. Rep.)		
TG	Togo		
TO	Tonga (including Niuafo'ou)		

ISO	Designated operator (DO)	Rate per parcel (SDR)	Rate per kg (SDR)
TT	Trinidad and Tobago		
TN	Tunisia		
TR	Turkey – Surface parcels – Air parcels		
TM	Turkmenistan		
TV	Tuvalu		
UG	Uganda		
UA	Ukraine		
AE	United Arab Emirates		
US	United States of America – Surface parcels – Air parcels		
UY	Uruguay		
UZ	Uzbekistan		
VU	Vanuatu		
VA	Vatican		
VE	Venezuela (Bolivarian Rep.) – Surface parcels – Air parcels		
VN	Viet Nam – Surface parcels – Air parcels		
YE	Yemen – Surface parcels – Air parcels		
ZM	Zambia – Surface parcels – Air parcels		
ZW	Zimbabwe		

Parcel service features provided by designated operators (DOs) (For a complete description of the service features, see article RC 195 of the Parcel Post Regulations)

ISO	Designated operator	Bonus for service feature 1 – Track and trace: 25%						Bonus for service feature 2 – Home delivery: 5%	Bonus for service feature 3 – Delivery standards: 5%	Bonus for service feature 4 – Internet-Based Inquiry System: 5%
		C, D, H/I bonuses			E and F events – Bonus: 5%	RESDES/ PREDES messages – Bonus: 5%	H/I over D – Bonus: 5%			
		C events – Bonus: 2%	D events – Bonus: 2%	H/I events – Bonus: 6%						
AF	Afghanistan									
AL	Albania									
DZ	Algeria									
AO	Angola									
AG	Antigua and Barbuda ¹									
AR	Argentina									
AM	Armenia									
AW	Aruba									
AU	Australia									
AT	Austria									
AZ	Azerbaijan									
BS	Bahamas									
BH	Bahrain (Kingdom)									
BD	Bangladesh									
BB	Barbados									
BY	Belarus									
BE	Belgium									
BZ	Belize									
BJ	Benin									
BT	Bhutan									
BO	Bolivia									
BA	Bosnia and Herzegovina (JP BH POŠTA)									
BA	Bosnia and Herzegovina (Poste Srpske)									
BA	Bosnia and Herzegovina (Mostar)									
BW	Botswana									
BR	Brazil									

ISO	Designated operator	Bonus for service feature 1 – Track and trace: 25%					Bonus for service feature 2 – Home delivery: 5%	Bonus for service feature 3 – Delivery standards: 5%	Bonus for service feature 4 – Internet-Based Inquiry System: 5%
		C, D, H/I bonuses			E and F events – Bonus: 5%	RESDES/PREDES messages – Bonus: 5%			
		C events – Bonus: 2%	D events – Bonus: 2%	H/I events – Bonus: 6%					
DO	Dominican Republic								
EC	Ecuador								
EG	Egypt								
SV	El Salvador								
GQ	Equatorial Guinea ³								
ER	Eritrea								
EE	Estonia								
ET	Ethiopia								
FJ	Fiji								
FI	Finland								
AX	– Åland Islands								
FR	France								
GF	– French Guiana								
PF	– French Polynesia								
GP	– Guadeloupe								
MQ	– Martinique								
YT	– Mayotte								
NC	– New Caledonia								
RE	– Réunion								
PM	– Saint Pierre and Miquelon								
WF	– Wallis and Futuna ³								
GA	Gabon								
GM	Gambia								
GE	Georgia								
DE	Germany								
GH	Ghana								
GB	Great Britain								
AI	– Anguilla								
AC	– Ascension								
BM	– Bermuda								

ISO	Designated operator	Bonus for service feature 1 – Track and trace: 25%					Bonus for service feature 2 – Home delivery: 5%	Bonus for service feature 3 – Delivery standards: 5%	Bonus for service feature 4 – Internet-Based Inquiry System: 5%
		C, D, H/I bonuses			E and F events – Bonus: 5%	RESDES/ PREDES messages – Bonus: 5%			
		C events – Bonus: 2%	D events – Bonus: 2%	H/I events – Bonus: 6%					
KY	– Cayman Islands								
FK	– Falkland Islands (Malvinas)								
GI	– Gibraltar								
MS	– Montserrat ⁴								
PN	– Pitcairn Islands ⁴								
SH	– St Helena								
TA	– Tristan de Cunha								
TC	– Turks and Caicos Islands ⁴								
VG	– Virgin Islands ⁴								
GR	Greece								
GD	Grenada								
GT	Guatemala								
GN	Guinea								
GW	Guinea-Bissau ⁴								
GY	Guyana								
HT	Haiti								
HN	Honduras (Rep.) ⁴								
HU	Hungary								
IS	Iceland								
IN	India								
ID	Indonesia								
IR	Iran (Islamic Rep.)								
IQ	Iraq								
IE	Ireland								
IL	Israel								
IT	Italy								
JM	Jamaica								
JP	Japan								
JO	Jordan								
KZ	Kazakhstan								

ISO	Designated operator	Bonus for service feature 1 – Track and trace: 25%					Bonus for service feature 2 – Home delivery: 5%	Bonus for service feature 3 – Delivery standards: 5%	Bonus for service feature 4 – Internet-Based Inquiry System: 5%
		C, D, H/I bonuses			E and F events – Bonus: 5%	RESDES/ PREDES messages – Bonus: 5%			
		C events – Bonus: 2%	D events – Bonus: 2%	H/I events – Bonus: 6%					
KE	Kenya								
KI	Kiribati								
KR	Korea (Rep.)								
KW	Kuwait								
KG	Kyrgyzstan								
LA	Lao People's Dem. Rep.								
LV	Latvia								
LB	Lebanon								
LS	Lesotho								
LR	Liberia								
LY	Libya								
LI	Liechtenstein								
LT	Lithuania								
LU	Luxembourg								
MG	Madagascar								
MW	Malawi								
MY	Malaysia								
MV	Maldives								
ML	Mali								
MT	Malta								
MR	Mauritania								
MU	Mauritius								
MX	Mexico								
MD	Moldova								
MN	Mongolia								
ME	Montenegro								
MA	Morocco								
MZ	Mozambique								
MM	Myanmar								
NA	Namibia								
NR	Nauru ⁵								

ISO	Designated operator	Bonus for service feature 1 – Track and trace: 25%						Bonus for service feature 2 – Home delivery: 5%	Bonus for service feature 3 – Delivery standards: 5%	Bonus for service feature 4 – Internet-Based Inquiry System: 5%
		C, D, H/I bonuses			E and F events – Bonus: 5%	RESDES/PREDES messages – Bonus: 5%	H/I over D – Bonus: 5%			
		C events – Bonus: 2%	D events – Bonus: 2%	H/I events – Bonus: 6%						
NP	Nepal									
NL	Netherlands									
BQ	– Bonaire, Saba and Sint Eustatius									
NZ	New Zealand									
CK	– Cook Islands									
NI	Nicaragua									
NE	Niger									
NG	Nigeria									
NO	Norway									
OM	Oman									
PK	Pakistan									
PS	Palestine									
PA	Panama (Rep.)									
PG	Papua New Guinea									
PY	Paraguay									
PE	Peru									
PH	Philippines									
PL	Poland									
PT	Portugal									
QA	Qatar ⁶									
RO	Romania									
RU	Russian Federation									
RW	Rwanda									
KN	Saint Christopher (St Kitts) and Nevis									
LC	Saint Lucia									
VC	Saint Vincent and the Grenadines									
SX	Sint Maarten									
WS	Samoa									
ST	Sao Tome and Principe									

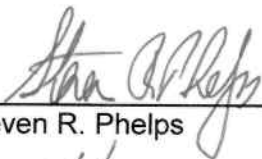
ISO	Designated operator	Bonus for service feature 1 – Track and trace: 25%					Bonus for service feature 2 – Home delivery: 5%	Bonus for service feature 3 – Delivery standards: 5%	Bonus for service feature 4 – Internet-Based Inquiry System: 5%	
		C, D, H/I bonuses			E and F events – Bonus: 5%	RESDES/PREDES messages – Bonus: 5%				H/I over D – Bonus: 5%
		C events – Bonus: 2%	D events – Bonus: 2%	H/I events – Bonus: 6%						
SA	Saudi Arabia									
SN	Senegal									
RS	Serbia									
SC	Seychelles									
SL	Sierra Leone									
SG	Singapore									
SK	Slovakia									
SI	Slovenia									
SB	Solomon Islands									
SO	Somalia ⁷									
ZA	South Africa									
SS	South Sudan									
ES	Spain									
LK	Sri Lanka									
SD	Sudan									
SR	Suriname									
SZ	Swaziland									
SE	Sweden									
CH	Switzerland									
SY	Syrian Arab Rep.									
TJ	Tajikistan									
TZ	Tanzania (United Rep.)									
TH	Thailand									
MK	the former Yugoslav Republic of Macedonia									
TL	Timor-Leste (Dem. Rep.)									
TG	Togo									
TO	Tonga (including Niuafo'ou)									
TT	Trinidad and Tobago									
TN	Tunisia									
TR	Turkey									

ISO	Designated operator	Bonus for service feature 1 – Track and trace: 25%					Bonus for service feature 2 – Home delivery: 5%	Bonus for service feature 3 – Delivery standards: 5%	Bonus for service feature 4 – Internet-Based Inquiry System: 5%	
		C, D, H/I bonuses			E and F events – Bonus: 5%	RESDES/PREDES messages – Bonus: 5%				H/I over D – Bonus: 5%
		C events – Bonus: 2%	D events – Bonus: 2%	H/I events – Bonus: 6%						
TM	Turkmenistan									
TV	Tuvalu ⁸									
UG	Uganda									
UA	Ukraine									
AE	United Arab Emirates									
US	United States of America									
UY	Uruguay									
UZ	Uzbekistan									
VU	Vanuatu									
VA	Vatican									
VE	Venezuela (Bolivarian Rep.)									
VN	Viet Nam									
YE	Yemen									
ZM	Zambia									
ZW	Zimbabwe									

Certification of Prices for the Inbound Parcel Post (at UPU Rates)

I, Steven R. Phelps, Manager of Regulatory Reporting and Cost Analysis, Finance Department, United States Postal Service, am familiar with the prices for Inbound Parcel Post (at UPU Rates). The prices were established by the Decision of the Governors of the United States Postal Service on the Establishment of Prices and Classifications for Inbound Air Parcel Post at UPU Rates, issued November 16, 2009 (Governors' Decision No. 09-15) and the Decision of the Governors of the United States Postal Service on Changes in Rates and Classes for Inbound Surface Parcel Post (at UPU Rates), issued June 18, 2014 (Governors' Decision No. 14-04).

I hereby certify that the numerical cost values underlying the prices for Inbound Parcel Post (at UPU Rates) are the appropriate costs to use in the formulas and represent the best available information. The prices demonstrate that Inbound Air Parcel Post (at UPU Rates) should cover its attributable costs and preclude the subsidization of competitive products by market dominant products. The prices for Inbound Surface Parcel Post (at UPU Rates) are not remunerative, and this causes the revenues for the combined Air and Surface flows to fall below cost. International competitive mail accounts for a relatively small percentage of the total contribution by all competitive products. Given the small discrepancy and size of Inbound Parcel Post (at UPU Rates), these rates for Inbound Parcel Post (at UPU Rates) should not impair the ability of competitive products on the whole to cover an appropriate share of institutional costs.



Steven R. Phelps
6/15/16

Date

Dear Ali (Veuillez voir ci-après la version en français du présent message),

Please find attached the six-month Parcels Performance Measurement Report which is used for the assessment of the 1 July 2016 inward land rates in relation to the eligibility of individual designated operators to receive the bonuses associated with track and trace and IBIS. The enclosed report covers the period from 1 August 2015 to 31 January 2016. The Consolidated "Inbound Performance Report" and the Consolidated "Outbound Performance report" are used to assess operators' eligibility to receive bonuses for 1 July 2016 ILRs as follows:

	ILR BONUS SYSTEM FOR 2016 – Targets to be achieved (six-month report provided by the Postal Technology Centre – PTC)			
	Events EMC, EMD, EMH / EMI	Events EME and EMF	PREDES and RESDES	EMH / EMI over EMD Ratio
Operational definition	Exchanges with all partners, EMSEVT messages relating to EMC, EMD, EMH and EMI events, for both inbound and outbound parcels	Transmission of EME and EMF events	Transmission of PREDES and RESDES messages	Percentage of parcels that receive a EMD event should have an event EMH and/or EMI transmitted within 72 hours of the event time and date
Performance targets	<p><u>Related to EMC events</u> Minimum ratios of 80%:</p> <ul style="list-style-type: none"> - EMC over EMD; - EMC transmitted within 24 elapsed hours; <p><u>Related to EMD events</u> Minimum ratios of 60%:</p> <ul style="list-style-type: none"> - EMD over EMC; - EMD transmitted within 24 elapsed hours <p><u>Related to EMH/EMI events</u> Minimum ratio of 80%:</p> <ul style="list-style-type: none"> - EMH / EMI over D; - EMH and/or EMI transmitted within 72 elapsed hours <p>(Refer to RC 168.1.1, RC 169, and RC 195.4.1.1 of the Parcel Post Regulations and Resolution CEP 6/2015.1)</p>	<p>Minimum ratio of 80%:</p> <ul style="list-style-type: none"> - EMF over EME events. - EMF transmitted within 24 elapsed hours <p>(Refer to RC 168.1.1, RC 169, and RC 195.4.1.2 of the Parcel Post Regulations and Resolution CEP 6/2015.1)</p>	<p>1. Minimum number of partners receiving PREDES messages: 5</p> <p>2. Minimum RESDES over PREDES ratio: 80%</p> <p>2.1 PREDES messages transmitted within 24 elapsed hours.</p> <p>2.2 RESDES messages transmitted within 24 elapsed hours.</p> <p>(Refer to RC 168.2, RC 169.2, and RC 195.4.1.3 of the Parcel Post Regulations and Resolution CEP 6/2015.1)</p>	<p>Minimum ratio: 90% of EMH/EMI over EMD events;</p> <p>EMH/EMI transmitted within 72 hours</p> <p>(Refer to RC 168.1.1, RC 169, RC 170.1.2, and RC 195.4.1.4 of the Parcel Post Regulations and Resolution CEP 6/2015.1)</p>
Bonus percentage	2% for EMC 2% for EMD 6% for EMH/EMI	5%	5%	5%



6-Months Parcels Measurement Reports

(Prepared by the Universal Postal Union)

Inbound Performance Report, August 2015 - January 2016

Consolidated	Scanning performance (%)									Transmission (%)				Messages
										Event scans				RESDES partners
Delivery Operator	D / items sent*	D/C*	F/E	H or I / C*	H or I / D	I/D	H no I / D	K/J	RESDES over PREDES v2	D < 24hrs	HI < 72hrs	F < 24hrs	RESDES < 24hrs	No. of RESDES partners

USA														
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In addition,
assess ope

IBIS for Parcels

Global Customer Service System © IPC

Partner			
		Timeliness	
		On-time reply (Reply time standards)	
		Inquiries received	On-time reply
ISO	Country name	#	%
US	United States		